

Housing Overlay Zone (HOZ)

Summary and Benefits:

Using a “carrot,” rather than a “stick,” approach to encourage the creation of additional affordable housing, Housing Overlay Zones (HOZ) provide a flexible tool that sits on top of conventional zoning designations. These areas offer developers incentives to provide the community with specific amenities and community benefits in exchange for specific concessions by the city. On sites where land is not zoned for residential use but a city would like to see affordable housing built, a housing overlay district may eliminate the time consuming process of amending a general plan to construct such housing.

Public Advocates, a Bay Area law firm specializing in social justice issues, points out:

To achieve these goals, HOZ policies are centered around four basic parameters that can be customized to best fit local needs:

1. Geographic scope of applicability;
2. Baseline affordability qualifications for developments to access HOZ incentives;
3. Incentives given to qualified developments; and
4. The extent of exemptions from discretionary project-level approvals.

Determining the most effective balance of these factors will depend on work by local communities; however, in general, more effective HOZs will have broad geographic applicability including in lower-density or commercial zones, meaningful affordability qualifications, valuable incentives, and reliable exemptions from discretionary approvals.

Potential Policies:

- Consider the implementation of a Housing Overlay Zone over locally designated Priority Development Areas (PDAs), and transit-accessible areas, to incentivize affordable housing inclusion in areas close to amenities and transit alternatives.
- Among the potential incentives it could include:
 - Enhanced density bonuses - possibly to encourage [parcel assembly](#) as well
 - Reduced parking ratios
 - Expedited permit processing
 - Increased allowable heights
 - By-right zoning or administrative approval of projects
 - In-lieu fees
 - Impact fee waivers

Model Ordinances/Useful Sources:

- **City of Menlo Park**, link:
http://www.menlopark.org/departments/pln/he/amendments/993_HE_Affordable_Housing_Overlay.pdf, <http://www.codepublishing.com/CA/menlopark/?MenloPark16/MenloPark1698.html>
- **City of Alameda**, link:
http://alameda.granicus.com/MetaViewer.php?meta_id=37217&view=&showpdf=1
- **King County, Washington**, link
<http://www.kingcounty.gov/socialservices/Housing/ServicesAndPrograms/Programs/HousingDe>

[velopment/Incentives.aspx](#)

- **Orange County**, Affordable housing incentive withing commercially zoned properties, Link: http://library.municode.com/HTML/11378/level3/TIT7LAUSBURE_DIV9PL_ART2THCOZO_CO.html#TIT7LAUSBURE_DIV9PL_ART2THCOZOCO_S7-9-148.1PUIN
- **Public Advocates**, *Factsheet: Housing Overlay Zones*, http://www.publicadvocates.org/sites/default/files/library/affordable_housing_overlay_zone_fact_sheet_7-27-10.pdf